

**Clean Water Board
Draft State Fiscal Year (FY) 2022 Clean Water Budget – Line Item Descriptions
Organized by Agency**

Agency of Agriculture, Food and Markets (AAFM)

Line 1: Agronomy Conservation Assistance Program (ACAP)

Support for the ACAP contract to continue delivering agronomic (field-based) technical support to farmers statewide, in coordination with federal and state agencies.

Line 2: Water Quality Grants to Partners and Farmers

- a. Capital Funds: AAFM provides grants and contracts for capital expenditures that include the installation of best management practices (BMPs) on farms in Vermont. BMPs are site-specific on-farm conservation practices implemented to address the potential for agricultural pollutants to enter the waters of the state. Below is a summary of the programs connected with the Capital Funds for this line item.
 - i. Best Management Practices (BMP) Program, 6 V.S.A. §§ 4820 – 4826. Eligible practices may include manure and agricultural waste storage facilities, composting stack pads, silage leachate collection, laneway development & stream crossings, and clean water diversions.
 - ii. Conservation Reserve Enhancement Program (CREP), 6 V.S.A. § 4829. The program funds 15 to 30-year term water quality agreements to install vegetation within buffers. The scope of this program is unchanged since it was launched more than 15 years ago.
 - iii. Grassed Waterway and Filter Strip (GWFS) Program, which replaced the Vermont Agricultural Buffer Program, 6 V.S.A. § 4900. The GWFS Program can provide technical and financial assistance to Vermont farmers for in-field agronomic best practices to address critical source areas, erosion, and surface runoff. Eligible practices include establishment of grassed waterways, filter strips, and critical source field area seedings that will remain established for 10 years.
 - iv. Capital Equipment Assistance Program, 6 V.S.A. § 4828. Financial assistance is available for new or innovative equipment that will aid in the reduction of surface runoff of agricultural wastes to state waters, improve water quality of state waters, reduce odors from manure application, separate phosphorus from manure, decrease greenhouse gas emissions, and reduce costs to farmers when they apply manure.
 - v. Agricultural Environmental Management (AEM) Program, 6 V.S.A. 4830. The AEM Program is established to provide farms of Vermont with state financial assistance to alternatively manage their farmstead, cropland, and pasture in a manner that will address identified water quality concerns that, traditionally, would have been wholly or partially addressed through federal, state, and landowner investments in BMP infrastructure, in agronomic practices, or both.
- b. Clean Water Funds: AAFM administered grants and contracts that are non-capital funds are used to support:
 - i. Farm Agronomic Practices (FAP) Program, 6 V.S.A. § 4951. The FAP Program utilizes state funding to help Vermont farms implement soil-based agronomic practices that improve soil quality, soil

health, increase crop production, and reduce erosion and agricultural waste discharges. The FAP Program also provides education and instructional activity grants to support outreach regarding the impacts of agricultural practices on water quality and current state agricultural water quality regulations. Eligible practices include: cover cropping, conservation crop rotation, conservation crop rotation with nurse crop, conservation tillage, no till pasture and hayland renovation, rotational grazing, manure injection, aeration, educational or instructional activities.

- ii. The Agricultural Clean Water Initiative Program (Ag-CWIP) is AAFM's grant funding program made possible by the Clean Water Fund, created by Act 64 of 2015 (i.e., the Vermont Clean Water Act). Funding is awarded to a wide variety of partner organizations through various grant opportunities such as Education and Outreach, Organizational Development, Farm Conservation Practice Surveys, Innovative Nutrient Reduction activities and more. This funding develops and supports the continual improvement of water quality across the state of Vermont by supporting organizations to provide farmers with education and outreach, technical assistance, identifying and implementing BMPs, planning, and more.
- iii. Innovative water quality improvement methods for manure management, phosphorus reduction and new techniques that directly assist partners and farmers in water quality implementation activities.

Line 3: Operating

The AAFM supports a portion of the staff and operating costs from the Clean Water Fund. The necessary increase in staffing was created as part of the Vermont Clean Water Act development process and allowed the AAFM to meet the [*Phosphorus Total Maximum Daily Loads for Vermont Segments of Lake Champlain*](#) (i.e., Lake Champlain TMDLs) and statewide on farm inspection and technical assistance goals for achieving water quality improvements. The current staff and operating costs of the existing positions in this budget amount to \$722,502 from the Clean Water Fund.

Vermont Housing and Conservation Board (VHCB)

Line 4: Water Quality Farm Improvement and Retirement Projects

- a. VHCB uses this funding to award grants to farmers for water quality-related capital improvements. Eligible projects include production area improvements, manure management projects, farm equipment, and pasture management. Grants typically help farmers pay for project components that state and federal grant programs cannot cover. In cases of significant hardship, the grants may assist farmers who are otherwise unable to fully meet the cost share requirements for priority AAFM BMP or U.S. Department of Agriculture Natural Resources Conservation Service projects.
- b. Farmland Retirement: VHCB works closely with other partners – particularly AAFM and ANR – to identify agricultural land that is difficult to farm without adversely impacting water quality. These funds would allow VHCB to help fund the purchase and/or conservation of such properties with a goal of taking them all or mostly out of production. All grants will require perpetual conservation restrictions.

Line 5: Land Conservation and Water Quality Projects

Part of VHCB's core funding, this allocation is used for grants to eligible applicants (land trusts and other conservation non-profits, towns, certain state agencies) for conservation and water-quality related

investments in fee lands and conservation easements. All grants will require perpetual conservation restrictions. Those with surface waters will include specific water quality-related easement provisions such as riparian buffers and wetland protection zones.

Agency of Natural Resources (ANR)

Line 6: Multi-Sector Innovation, Grant Administration and Partner Support

- a. Innovation: Supports development and use of technologies, practices, or policies that facilitate, optimize, or accelerate cost-effective nutrient pollution removal strategies, such as the [Vermont Phosphorus Innovation Challenge](#). This is a cross-agency effort, and grants are awarded on a competitive basis. Funds may be used to support other innovative phosphorus reduction-based projects.
- b. Clean Water Service Delivery Act (Act 76 of 2019): Supports development of nutrient pollutant reduction target setting and project tracking and accounting, as well as other requirements associated with developing and implementing programs in Act 76 of 2019.
- c. Program and Partner Support:
 - i. Supports partner capacity and development related to tactical basin planning, project development, technical support, and targeted water-quality monitoring and laboratory testing of water samples. Includes funding to partners for basin planning, basin water quality council participation, education, and outreach pursuant to 10 V.S.A. § 1253(d)(3).
 - ii. Supports ANR's program capacity to administer grants and contracts and enhance clean water project service delivery, compliance assistance, and inspections.

Line 7: Natural Resources Restoration

DEC provides grants and contracts to municipalities, watershed organizations, lake associations, conservation districts, regional planning commissions, and other eligible entities for natural resources restoration, including restoration of river channels, floodplains, lakeshores, and wetlands. DEC Tactical Basin Plans identify priority natural resources restoration projects.

Line 8: Lakes in Crisis Fund

Supports initial response upon designation of a Lake in Crisis pursuant to 10 V.S.A. § 1314. Annually, the Agency of Natural Resources is required to recommend a budget for the fund. Currently only one lake, Lake Carmi, is designated as a Lake in Crisis. In addition to the Lakes in Crisis Fund, ANR and AAFM use other grant programs to support phosphorus mitigation in the Lake Carmi watershed. The *Lake Carmi Crisis Response Plan*, the *2019 Lake Carmi Clean Water Progress Report*, and other resources are available at the [Restoring Lake Carmi webpage](#).

Line 9: Forestry Skidder Bridges and Water Quality Practices

The Department of Forests, Parks and Recreation (FPR) provides direct grants to loggers to reimburse a portion of the cost of skidder bridges (per 2017 Act 75, 10 V.S.A. § 2622a). Portable skidder bridges prevent erosion and runoff at stream crossings on logging jobs. This also supports FPR's capacity to

enhance implementation of Acceptable Management Practices (AMPs) for Maintaining Water Quality on Logging Jobs.

Line 10: Implement Best Management Practices (BMPs) at State Forests and Recreational Access Points

DEC's Municipal Roads General Permit (MRGP) program is a streamlined process for inventorying roads and prioritizing and constructing projects to improve water quality. This relatively simple framework is being adopted to incentivize non-regulatory road best management practices (BMPs). This project involves using a modified MRGP inventory methodology for road and trail networks on ANR land, including State Forests, Wildlife Management Areas, State Parks, and recreational access points, developing a field application and companion database to gather and store data, and constructing projects based on the prioritized list of road and trail BMPs to reduce nutrient and sediment pollution.

Lines 13: Stormwater Project Delivery, Planning, and Implementation

Provides financial assistance to municipalities and other eligible entities to implement stormwater pollution abatement and control projects. Stormwater projects capture and treat polluted stormwater runoff (i.e., rain runoff and snowmelt) from developed areas, including roads rooftops, and parking lots. Funds may support compliance with stormwater regulations, including the Municipal Separate Storm Sewer System (MS4) Permit and the General Permit 3-9050 (i.e., "Three-Acre General Permit"), required by clean water restoration plans known as total maximum daily loads (TMDLs). Funds will support project identification, delivery, planning, design, and construction.

Line 17: Wastewater Treatment Facility (WWTF) Operators Support

Continued WWTF operator support for optimization and high-strength source management in place of near-term capital investments to implement major nutrient TMDLs (e.g., Lake Champlain TMDLs). Programming covers technical, analytical, and asset management. Federal funds may become available but are limited in scope and location.

Line 18: State Match to Clean Water State Revolving Fund Federal Grant

The Clean Water State Revolving Fund (CWSRF) provides low-interest loans for municipal and private entity stormwater, wastewater, and natural resources projects. Vermont provides a 20% match to draw down federal funds. The 20% match of \$1,563,891 in FY 2022 will draw down \$7,819,455 in federal funds. All of the 20% state match funds, federal funds, and repayment funds, minus administrative expenses are used to provide loans for a wide range of water-quality projects that includes combined sewer overflow abatement (CSO), plant refurbishment, plant upgrades, sludge and septage improvements, sewer line replacement and extension, pump station upgrades, plant enlargements, stormwater improvements, and municipally-sponsored private wastewater disposal systems.

The interest rate/administrative fee on loans to private entities will be slightly higher than rates to municipalities, and these revenues will be used to offset reduced rates on loans to municipalities that promote natural resources projects. By statute, municipal projects always have priority over loans to private entities.

Line 19: Municipal Pollution Control Grants

In addition to low-interest loans through the Clean Water State Revolving Loan Funds, some municipal clean water projects are eligible for Municipal Pollution Control Grants in FY 2022 up to 35% of the project cost. The source of funding for municipal pollution control grants is the Capital Bill. These grants are for municipalities only. The Legislature has adopted a priority system for Municipal Pollution Control Grants, found in 10 V.S.A. § 1626b(c) and § 1628, and the Department of Environmental Conservation Chapter 2 – Municipal Pollution Control Priority System Rule, adopted December 2017.

Agency of Transportation (VTrans)

Line 11: Municipal Roads Grants-in-Aid

Provides financial assistance to municipalities to bring hydrologically connected municipal road sections into full compliance with the Municipal Roads General Permit. Funds are dispersed by formula to all participating municipalities based on hydrologically connected road miles. In FY 2018-2021, municipalities enroll through regional planning commissions and complete construction and regional planning commissions provide project verification and reporting. Practices eligible for funding under this project include drainage ditch installation and upgrades, turnouts, removal of high road shoulders, and stabilization of drainage culverts and catch basin outlets, and on Class 4 roads, stabilization of gully erosion.

Line 12: Municipal Better Roads Program

Construction projects funded by grants to municipalities in the Better Roads Program are meant to be quick, low cost projects that are easy to advance without all the requirements of federal funding. Example construction projects include ditching, check dams, gravel wetlands, slope stabilization, and structure/culvert upgrades. All Clean Water Funds awarded through the Better Roads Program will be used to bring hydrologically connected municipal road segments into full Municipal Roads General Permit compliance. Other funding sources may be used to support other types of construction projects through the Better Roads Program. In addition to the construction projects, which are funded in part by the Clean Water Fund and in part with funds appropriated through the Transportation Bill, VTrans also funds road erosion inventories through the Better Roads Program, as required by the Municipal Roads General Permit. Municipalities have 12 months, or one state fiscal year, to complete the construction projects. Grant award lists going back to FY 2014 can be found [here](#).

Agency of Administration (AoA)

Line 14: Stormwater Utility Payments

The Legislature has encouraged the Clean Water Board to award monies to support the establishment and maintenance of stormwater utilities. The Clean Water Board continues to recommend an annual appropriation of \$25,000 to municipal stormwater utilities. There are currently five municipalities that have established stormwater utilities: Williston, Colchester, South Burlington, St. Albans City, and Burlington. These funds are appropriated through the Agency of Administration. VTrans publishes an [annual report about municipal stormwater utilities related to VTrans expenditures](#).

Line 20: Program Audit

10 V.S.A. § 1389b requires that on or before January 15, 2023¹ the Secretary of Administration shall submit a program audit of the Clean Water Fund to the General Assembly. The audit must be conducted by a qualified, independent environmental consultant or organization and include:

- i. A summary of the expenditures from the Clean Water Fund, including the water quality projects and programs that received funding;
- ii. An analysis and summary of the efficacy of the water quality projects and programs funded from the Clean Water Fund or implemented by the State;
- iii. An evaluation of whether water quality projects and programs funded or implemented by the State are achieving the intended water quality benefits;
- iv. An assessment of the capacity of the Agency of Agriculture, Food and Markets to effectively administer and enforce agricultural water quality requirements on farms in the State; and
- v. An assessment of the capacity of the Department of Environmental Conservation to effectively administer and enforce agricultural water quality requirements on farms in the State; and
- vi. A recommendation of whether the General Assembly should authorize the continuation of the Clean Water Fund and, if so, at what funding level.

Agency of Commerce and Community Development (ACCD)

Line 15: Better Connections (Stormwater Planning)

Better Connections is an award-winning interagency grant program (VTrans, ACCD, ANR, Vermont Department of Health) that supports the implementation of local projects to increase local transportation options, build resilience, and revitalize communities. Funding will help municipalities incorporate stormwater management strategies into downtown and village center transportation and community revitalization plans.

Line 16: Downtown Transportation Fund (Stormwater Best Management Practices)

In partnership with VTrans, the Downtown Transportation Fund will help municipalities incorporate stormwater BMPs into infrastructure improvement projects that make Vermont's downtown areas more pedestrian, bike, and transit friendly.

¹ Date change from January 15, 2021 to January 15, 2023 proposed in H.969 "An act relating to making appropriations for the support of government" passed by both House and Senate as of September 30, 2020.